

4 June 1947

THE INEFFECTIVENESS OF LAW 56

I. What the Law was intended to accomplish

a. As stated in Preamble

- (1) to prevent Germany from endangering the safety of her neighbors and again constituting a threat to international peace.
- (2) to destroy Germany's economic potential to wage war.
- (3) to insure that measures taken for Germany's reconstruction are consistent with peaceful and democratic purposes.
- (4) to lay the groundwork for building a healthy and democratic German economy.

b. Basic approach to those aims through a decartelization (other measures are also necessary such as Level of Industry etc.)

- (1) Deconcentration (divestitures)
- (2) Anti-trust (practices)

II. How the Law operates

- a. Deconcentration provisions and procedures (Administrative)
- b. Anti-trust (Adm. and Court)
- c. Effectuation of the Law depends upon joint US-UK agreement and action (veto power)
- d. Exemptions and taking property under control

III. Practical application of the Law

- a. Cumbersome administrative procedures. (time elements-duplication of efforts)
- b. Final say lies in a board which most likely will consist of business men prejudiced against decartelization
- c. Need for British approval
 - (1) history of past negotiations, etc.
 - (2) probable position of British in future

IV. Recommendations

CHARLES ROTSTEIN
Trade Practices Section